

Cancel claims 67-73 without prejudice.

### **REMARKS**

Claims 1-25 and 55-66 are pending in the application, claims 26-54 and 67-73 being canceled and claims being newly added herein. Claims 1, 16, 22, 55, and 58 are the only independent claims.

### ***Restriction Requirement***

Claims 1-73 stand subject to a Restriction Requirement according to which the Examiner has divided the claims into three groups, namely, Group I including claims 1-25 and 55-66 directed to a method for trading a commodity, Group II containing claims 26-47 drawn to a general purpose digital computer, and Group III comprising claims 48-54 and 67-73 relating to a server computer.

In response to the Restriction Requirement, applicant hereby provisionally elects the claims of Group I, i.e., claims 1-25 and 55-66, for continued prosecution in the application.

Applicants cancel non-elected claims 26-54 and 67-73 without prejudice to applicant's right to prosecute those claims in a divisional application.

### ***Drawings***

The drawings stand objected to under 37 C.F.R. § 1.84(p)(5) as failing to include the reference numeral 274 mentioned in the description.

In response to the objection to the drawings under 37 C.F.R. § 1.83(a), applicant encloses herewith a photocopy of Figure 13 with proposed changes indicated in red ink. The proposed

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changes include inserting a box about multiplier 276 and register 277 and adding the missing reference designation 274.

In further response to the to the objection to the drawings under 37 C.F.R. § 1.84(p)(5), applicant submits herewith a LETTER RE PROPOSED DRAWING CHANGES where the changes are discussed.

### ***Specification***

The disclosure stands objects to because of a couple of informalities. The specification has been amended herein to correct the errors discovered by the Examiner.

### ***Claims Objections***

Claims 1 and 63 stand objected to because of grammatical problems introduced by an errant word “to”.

Claims 1 and 63 have been amended herein to correct to grammatical problems noted by the Examiner.

### ***Claims Rejections - 35 U.S.C. § 112***

Claim 56 stands rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The Examiner points out that the term “said trading order” in liens 1 and 2 of claim 56 lack antecedent basis.

In response to the rejection of claim 56 under 35 U.S.C. § 112, second paragraph, liens 1 and 2 of that claim have been amended to change the term “trading order” to the term “trading offer” which appears in claim 55, thereby providing the needed antecedent basis.

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*Claims Rejections - 35 U.S.C. §§ 102 and 103*

Claims 1, 4-20, 22-25, 55, 56, 58 and 61-66 stand rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent No. 4,980,826 to Wagner.

Claims 2, 3, 59, and 60 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Wagner in view of the publication Equis International AAI Computerized Investing Newsletter May/June 1998 (hereinafter Equis).

**Claim 1** Applicant respectfully traverses the Examiner's rejection of claim 1 under 35 U.S.C. § 102(b) and maintains that claim 1 distinguishes the invention over the prior art and particularly over Wagner.

As set forth in claim 1, a method for trading a commodity comprises (a) receiving, in encoded form via a computer network, a plurality of bids and a plurality of offers pertaining to a common commodity, (b) displaying the bids and offers on a computer monitor, © generating a trading offer including a trading rate or price per unit of the commodity, and a number of units of the commodity, (d) automatically calculating a total stop amount for the trading offer, (e) automatically comparing the total stop amount with an available amount in a client or trader account, and (f) transmitting a digital signal encoding the trading offer over the computer network for distribution to multiple traders.

In rejecting claim 1 under 35 U.S.C. § 102(b), the Examiner contends that the automatic calculation of a total stop amount for the trading offer is taught by Wagner in column 4, lines 33-36. In addition, the Examiner contends that the automatic comparison of the total stop amount with an available amount in a client or trader account is taught by Wagner at column 20, lines 57-

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58 and block 72 of Figure 2 which includes "accounting" functions.

Applicant respectfully disagrees with the Examiner's contentions and believes that the Examiner has overlooked the definition of the term "total stop amount" as used by applicant. This term does not refer to a stop order as used conventionally in the trading of commodities and as used by Wagner at column 4, lines 33-36, but instead refers to a protection process for margin trades. As set forth in applicant's specification, the term "total stop amount" signifies a monetary amount required to cover a stop execution on a trading offer. This is not a stop order. A stop order is an order placed by a trader who wishes a trade to be executed on the trader's behalf when the market price of the commodity attains a specified value and not prior to that point. The execution on a stop order does not entail the calculation of a monetary amount required to cover a stop execution on a trading offer.

The present invention as set forth in claim 1 provides a trading system which does not exist in conventional futures trading, for instance, as contemplated by Wagner. Conventional futures trading does not entail the automatic calculation of a total stop amount in response to the generation of a trading offer (including a trading rate or price per unit of the commodity, and a number of units of the commodity). Instead, in conventional futures (and stock) trading, brokerage firms require that persons trading on margin maintain adequate amounts in respective trading accounts to protect the brokerage firms from possible losses arising from trades that the persons have already made.

**Claim 4** The advantage and use of the invention as set forth in claim 1 is clarified in the recitations of claims 4 and 6. Claim 4 recites the step of automatically allocating or reserving the

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total stop amount of claim 1 from the available amount in the client or trader account. This ensures protection for the brokerage organization when the customers or clients are engaged in margin trading. Wagner neither discloses nor suggests the automatic allocation or reservation of a calculated total stop amount from the available amount in a client or trader account. The clearing system (38, block 72, Figure 2) referred to by the Examiner neither calculates total stop amounts, as that term is used in applicant's claims, nor executes an automatic allocation or reservation of a calculated total stop amount from the available amount in a client or trader account. Instead, the clearing system does what conventional clearing systems do, namely, executes trades on matching bids and offers and carries out the requisite transfer of funds to complete the trades.

**Claim 6** Claim 6 recites that the digital signal of claim 1 digital signal is transmitted upon and only upon a determination that the total stop amount is less than the available amount in the client or trader account. Where the total stop amount cannot be reserved from the client or trade account, the trading offer which initiated the stop amount calculation is not even communicated to other trades and therefore does not exist as an offer. This feature of the invention does not exist in conventional systems, whether those systems are implemented manually or through a computer network as taught by Wagner.

The other claims dependent from claim 1 are considered to set forth additional subject matter specifically distinguishing over the prior art.

**Claim 16** In response to the rejection of claim 16 under 35 U.S.C. § 102(b), that claim has been amended herein to recite a currency trading method comprising (i) receiving, via a

computer network, digital signals together encoding a plurality of bids and a plurality of offers pertaining to a common currency, (ii) displaying the bids in a first monotonic sequence on a computer monitor, (iii) simultaneously displaying the offers in a second monotonic sequence on the computer monitor, (iv) monitoring a computer input device, and (v) upon detecting a signal from the input device of a predetermined type, transmitting an order signal over the computer network to a server computer, the order signal encoding a trading order for requesting a transaction on one of the bids and the offers.

Wagner relates to a futures trading exchange and in particular to a voice-actuated automated open outcry futures trading exchange. This futures trading system does not apply to the trading of currencies. One of ordinary skill in the art familiar with the disclosure of Wagner would not consider the invention of that reference to be relevant to currency trading. The differences between the currency trading process and that of futures trading are such that one of ordinary skill in the art would not have the inclination, motivation, or ability to apply the teachings of Wagner to currencies. First of all, there is no such thing as a currency exchange. Thus, the invention of Wagner, pertaining to a futures trading exchange would seem to have no use in the world of currency trading.

There are other differences between currency trading and futures trading, some of which are inherent in the subject matter and some of which are imposed by regulatory bodies. Currency trading involves different leverage requirements and different procedures for reporting transactions to regulators. The settlement process is different (the clearing system 38 of Wagner would not work with currencies). Margining and margin leveraging processes are different. The

matching of bids and offers is also different.

Applicant's methodology was designed specifically for currency trading. Applicant has considered that the invention could also be of benefit in the trading of noncurrency-type commodities. However, this is the result of applicant's invention. The prior art, particularly as represented by Wagner, does not provide one of ordinary skill in the art with any impetus or capability to use the system of Wagner for currency trading.

**Claims 22 and 55** Claims 22 and 55 have been amended to limit the respective method to the trading of currencies. Claims 22 and 55 distinguish over the prior art for the reasons set forth above with reference to claim 16.

**Claim 58** Applicant respectfully traverses the rejection of claim 58 under 35 U.S.C. § 102(b).

As recited in claim 58, a method for use in trading a commodity comprises generating a trading offer, automatically calculating a total stop amount for the trading offer, automatically comparing the total stop amount with an available amount in a client or trader account to determine whether the total stop amount and the available amount meet pre-established criteria, and acting on the trading offer only upon determining that the total stop amount and the available amount meet the pre-established criteria.

As discussed above with reference to claim 1, Wagner teaches the use of a computer-controlled trading system capable of implementing trades on stop orders. However, Wagner says nothing about automatically calculating a total stop amount, defined as a monetary amount required to cover a stop execution on a trading offer. Wagner says nothing about applicant's

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recited action of acting on a trading offer only upon a determination that the calculated total stop amount and an available amount in a client's account meet pre-established criteria.

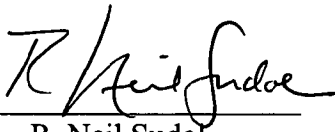
***Conclusion***

For the foregoing reasons, independent claims 1, 16, 22, 55, and 58, as well as the claims dependent therefrom, are deemed to be in condition for allowance. An early Notice to that effect is earnestly solicited.

Should the Examiner believe that direct contact with applicant's attorney would advance the prosecution of this application, the Examiner is invited to telephone the undersigned at the number below.

Respectfully submitted,

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Dated: December 20, 2002

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**APPENDIX A TO AMENDMENT IN APPLICATION NO. 09/415,392 SHOWING  
MARKED UP VERSIONS OF AMENDED SPECIFICATION PARAGRAPHS**

Page 21, amend the second full paragraph (lines 7-11) as follows:

Fig. 1 illustrates a global computer network for realizing a real time trading of a commodity such as a currency. A server computer 10 is connected to a plurality of client or trader computers 12 via the Internet 14[,]. The server computer 10 mediates, supervises and controls the transmission of trading information, as well as offers and orders to purchase and sell the target commodity.

Page 26, amend the second full paragraph (lines 9-19) as follows:

The trading screen of Fig. 4 includes a line of four windows 44, 46, 48, 50 wherein the current position of the individual trader is delineated. Trading book module 28 (Fig. 3) calculates in real time the open aggregate position of the individual trader and the profit or loss incurred should the individual trader close his or her position at the best bid or offer currently available. The total value (2,000,000) of the target currency (in this case, the Euro) and the total value (-2,068,700) of the Dollar in the individual trader's current position are listed in the first window 44 and the third window 48, respectively, while the average rate or price (1.0343) at which the individual trader arrived at that position is indicated in the second window 46. The fourth window 50 sets forth the profit or loss (1,499.97) that would be incurred should the individual trader close his or her position at the best bid or offer currently available.

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**APPENDIX B TO AMENDMENT IN APPLICATION NO. 09/415,392**  
**SHOWING MARKED UP VERSIONS OF AMENDED CLAIMS**

Amend claim 1 as follows:

1. (Once Amended) A method for trading a commodity, comprising:

receiving, in encoded form via a computer network, a plurality of bids and a plurality of offers pertaining to a common commodity;

displaying said bids and offers on a computer monitor;

generating a trading offer including a trading rate or price per unit of said commodity, and a number of units of said commodity;

automatically calculating a total stop amount for said trading offer;

automatically comparing said total stop amount with an available amount in a client or trader account; and

transmitting a digital signal encoding said trading offer [to] over said computer network for distribution to multiple traders.

Amend claim 16 as follows:

16. (Once Amended) A method for trading [a commodity] currencies, comprising:

receiving, via a computer network, digital signals together encoding a plurality of bids and a plurality of offers pertaining to a common [commodity] currency;

displaying said bids in a first monotonic sequence on a computer monitor;

simultaneously displaying said offers in a second monotonic sequence on said computer

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monitor;

monitoring a computer input device; and

upon detecting a signal from said input device of a predetermined type, transmitting an order signal over said computer network to a server computer, said order signal encoding a trading order for requesting a transaction on one of said bids and said offers.

Amend claim 17 as follows:

17. (Once Amended) The method defined in claim 16, further comprising:

displaying on said monitor a plurality of prompts for particulars of a trading offer, said prompts including prompts to enter a price per unit of said [commodity] currency and a total number of units of said [commodity] currency ;

determining entry via said input device of a trading offer including at least a price per [commodity] currency unit and a total number of [commodity] currency units; and

forwarding said trading offer over said computer network to multiple other traders on said computer network.

Amend claim 22 as follows:

22. (Once Amended) A method for use in trading [a commodity] currencies, comprising:

displaying, on a computer monitor connected to a computer in turn connected to a computer network, a plurality of prompts for particulars of a trading offer, said prompts including prompt to enter a price per unit of [said commodity] a currency and a total number of units of

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said [commodity] currency ;

determining entry via said input device of a trading offer including at least a price per [commodity] currency unit and a total number of [commodity] currency units; and

forwarding said trading offer to a server computer over said computer network for relay to other traders on said computer network.

55. (Once Amended) A [commodity] currency trading method comprising:

receiving at a server computer a first digital signal over a computer network from a client's computer, said first digital signal encoding a trading offer including identification of a [commodity] currency, a trading rate or price per unit of said [commodity] currency, and a number of units of said [commodity] currency;

operating said server computer to maintain (i) a first queue of bids ordered by price per [commodity] currency unit and times of extending of the respective bids and (ii) a second queue of offers to sell ordered by price per [commodity] currency unit and times of extending of the respective offers to sell;

operating said server computer to determine whether said trading offer matches any entry in said first queue and said second queue; and

upon detection by said server computer of a match between said trading offer and a particular entry in said one of said first queue and said second queue, operating said server computer to (a) modify accounts of traders who made said trading offer and said particular entry, (b) remove said particular entry from said one of said first queue and said second queue, ©

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transmit signals over said computer network to advise all logged-in traders of the match, and (d) sending specific confirmation to the traders who made said trading offer and said particular entry.

Amend claim 56 as follows:

56. (Once Amended) The method defined in claim 55, wherein said trading [order] offer is placed in a respective one of said first queue and said second queue upon receiving of said trading [order] offer at said server computer, the operating of said server computer to determine whether said trading offer matches any entry in said first queue and said second queue including comparing said bids to said offers to sell to determine whether a match has occurred, said server being operated, upon detection by said server computer of the match between said trading offer and said particular entry, to remove said trading offer and said particular entry from respective ones of said first queue and said second queue.

Amend claim 63 as follows:

63. (Once Amended) The method defined in claim 58 wherein the acting on said trading offer includes transmitting a digital signal encoding said trading offer [to] over said computer network for distribution to multiple traders.

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